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Oregon State Legislature
House Committee on Health Care
900 Court Street NE Salem, OR 97301

February 17, 2026

Re: HB 4038

Chair Nosse and Members of the Committee:

My name is Jodie Mooney. I am Chief Legal Officer and Senior Vice President for St. Charles Health System in Central Oregon. We support HB 4038 as it was originally introduced.

Oregon's Cost Growth Program (CGP) was established to "ensure the long-term affordability and financial sustainability of the health care system in this state." The statute established a well-intentioned program and assigned it to the Oregon Health Authority (OHA) to create and monitor. While we at St. Charles fundamentally believe that health care costs are too high for our patients, we also have first-hand knowledge that this program is not yet working well. We submit this testimony to share with you a glimpse of what the Cost Growth Program looks like as implemented.

You may have read that St. Charles was one of five organizations found to have exceeded the cost growth target between 2022 and 2023. If you read more than the headline, you saw that St. Charles exceeded the target by a stunning 26.3%. If you followed the series of articles that came after that, you learned that the reason St. Charles exceeded the target in 2022-23 was, according to the Cost Growth Program Manager, its "dominant market share." You read that because St. Charles is the "only game in town," insurance companies were powerless to bargain with it for fair rates, and that St. Charles' "dominance" in Central Oregon played a "major role in driving up prices."

Here's the problem: The data used to calculate the 26.3% increase cannot be validated because key information is missing. The lack of sufficient attribution detail and cost data make it impossible to identify who to include or exclude from a cost growth trend analysis. St. Charles would need access to all insurance member-level cost data for attributed members and access to actuarial expertise to verify the CGP results.

Here's another problem: The program standards are not sufficiently developed to provide clear guidance to the CGP staff or the entities it regulates. For example, St. Charles did not know that its "market share" was a factor that would be considered *per se* unacceptable in the cost growth analysis. Market share was not a factor included in the legislation or in the rules OHA wrote. And yet newspaper stories reveal that the CGP focused on market dominance as a cost driver.

St. Charles is, in fact, the sole provider of hospital services to the rural populations of Central Oregon. As such, it receives higher reimbursement under its federal Sole Community Hospital designation that, in turn, helps St. Charles provide many services that do not generate a positive margin – services like behavioral health care, maternity care in rural communities, the only NICU east of the Cascades and much more. Unfortunately, it appears the CGP views that federal status of sole community provider and its benefit as excessive and treats the federally mandated reimbursement as excess dollars that could be subject to State penalties. St. Charles has also stabilized local access to services by establishing new programs in gastroenterology, orthopedics, neurosurgery and urology, among others, that would not have been accessible in the community without our commitment. Penalizing St. Charles for participating in a federal program that benefits Central Oregonians is just wrong, and it will not make health care more affordable.

St. Charles – like everyone else – worked hard to provide essential health care services during COVID. The pandemic disrupted services and staffing levels with unprecedented costs – financial, human and cultural. But St. Charles kept its doors open and cared for the people of Central Oregon despite the restrictions imposed by law and by the pandemic itself. Post-COVID, St. Charles redoubled its efforts to rebuild, and it was successful in doing so. But it took time. And it took smart and careful, multi-year planning. There was deferred maintenance. There were staffing deficits, revenue had plummeted, and payer rates had not changed. While we probably exceeded the cost growth target in 2022-23, it was not by 26%. Whatever the increase was in 2022-23, it dropped well below the cost growth target in 2023-24, rendering the performance improvement plan the CGP now asks us to create meaningless.

I am loath to jump on the bandwagon of those who complain about the administrative burden that government adds to the cost of doing business in Oregon. My work at St. Charles began only ten months ago. But from 2011 through the end of 2024, I was an elected official in State Government, first as a Circuit Court Judge and then as a Judge of the Oregon Court of Appeals. I understand – and respect – the role of government. St. Charles is grateful for the privilege to serve Central Oregonians, and it has no interest in being on the wrong side of the law. Its only goal is to provide health care to those who need it in the rural, geographically isolated communities we serve.

HB 4038, as originally introduced, would not shut down the cost growth program, but it would delay the penalties while lawmakers evaluate whether the program is working as the law intended. We understand that HB 4038 is unlikely to move forward during this short session, which is unfortunate. We hope that you will take time to review the existing Cost Growth Target Program and that meaningful changes will be considered in the 2027 legislative session. I would be happy to provide input into the process.

Respectfully submitted,

/s/ J. Mooney

Jodie Mooney, Senior Vice President
Chief Legal & Risk Officer